

Message Text

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PAGE 01 STATE 105705
ORIGIN NEA-10

INFO OCT-01 ISO-00 SS-15 SP-02 INR-10 PM-05 NSCE-00
CIAE-00 INRE-00 SSO-00 H-01 /044 R

DRAFTED BY NEA/EGY:DZWEIFEL/BD

APPROVED BY NEA:NAVELIOTES

PM:DKEENE

H:RFLATEN (SUBS)

DOD/ISA:CWILSON

DOD/DSAA:TTYLER

NEA/EGY:DNEWBERRY

-----053802 260208Z /63

R 252255Z APR 78

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO

INFO SECDEF WASHDC 0174

C O N F I D E N T I A L STATE 105705

E.O. 11652: GDS

TAGS: MASS, EG, US

SUBJECT: PEACE PYRAMID I AND II: VISIT OF LOCKHEED REPS
TO EGYPT

1. MESSRS. SIMMONS AND LOVE OF LOCKHEED CALLED ON DEPT
OFFICER APRIL 19 TO EXCHANGE VIEWS RE STATUS AND PROGRESS
OF PEACE PYRAMID II PROGRAM. DEPT OFFICER INFORMED LOCK-
HEED REPS OF FINANCIAL SITUATION AS WE UNDERSTAND IT AND
FACT THAT CABLE BEING SENT TO CAIRO TO ALERT EMBASSY AND
GOE TO NEED FOR EXPEDITIOUS PAYMENT OF \$33.7M APRIL INSTALL-
MENT (STATE 99323). LOVE, WHO HAD BEEN IN CAIRO LAST WEEK,
GAVE EVEN GLOOMIER VIEW OF EGYPTIAN FINANCIAL PROBLEMS.
HE STATED THAT, ACCORDING TO GENERAL BISHARI, EGYPTIANS
WILL HAVE DIFFICULTY IN ARRANGING FINANCES FOR EVEN ORI-
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GINAL DELIVERY SCHEDULE, LET ALONE ACCELERATED PROGRAM
CALLING FOR TURN OVER OF FOUR C-130'S THIS YEAR.

2. BISHARI ALSO RAISED WITH LOVE ALLEGED EAF DECISION TO
SEEK REPLACEMENT FOR C-130 DESTROYED IN LARNACA RAID.
BISHARI TOOK POSITION THAT, FOR WHATEVER REASON, FUNDING
FOR THIS PURPOSE MIGHT BE EASIER TO ARRANGE THAN FOR PEACE

PYRAMID II PACKAGE PER SE. LOVE STATED HE HAD CAUTIONED BISHARI ABOUT NEED FOR APPROVAL OF ANY ADDITIONAL PURCHASE; HE DISCUSSED IN GENERAL TERMS IDEA OF AMENDING PEACE PYRAMID II LOAS TO ADD ONE ADDITIONAL PLANE.

3. ACCORDING TO LOVE, EAF HAS CONTRACTED WITH BRITISH FIRM TO DISASSEMBLE LARNACA HULK AND RETURN IT TO EGYPT. ALTHOUGH ONE OR MORE OF THE ENGINES MIGHT BE SALVAGED, EAF EVIDENTLY PLANS TO REASSEMBLE REMAINS AT HELWAN TO USE FOR TRAINING PURPOSES.

4. COMMENT: THIS IS FIRST REPORT DEPT HAS HAD THAT GOE INTENDS TO SEEK REPLACEMENT FOR LARNACA LOSS, ALTHOUGH WE HAD ASSUMED SUCH A REQUEST MIGHT EVENTUATE. WE DO NOT BELIEVE THERE WOULD BE MAJOR POLITICAL PROBLEM RE REPLACEMENT. SINCE BOTH PEACE PYRAMID I AND II WERE HANDLED ON FMS BASIS, OUR INCLINATION WOULD BE TO CONTINUE SAME PATTERN (RATHER THAN PURSUING COMMERICAL SALE FOR ONE C-130.) THIS WOULD TRIGGER ENTIRE PROCESS, INCLUDING FORMAL CONGRESSIONAL CONSIDERATION OF PROPOSED SALE. IN ABSENCE OF GOE REQUEST THROUGH OFFICIAL CHANNELS, DEPT PLANS NO FURTHER ACTION. VANCE

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